

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Joey Manahan, Chair; Kymberly Marcos Pine, Vice-Chair;
Michael Formby, Carol Fukunaga, Ron Menor, Heidi Tsuneyoshi

Committee Meeting Held
April 3, 2019

Honorable Ann H. Kobayashi
Interim Chair, City Council
City and County of Honolulu

Madam Chair:

Your Committee on Budget, to which was referred Resolution 19-55 entitled:

"RESOLUTION DETERMINING THE REAL PROPERTY TAX RATES FOR THE
CITY AND COUNTY OF HONOLULU FOR THE FISCAL YEAR JULY 1, 2019 TO
JUNE 30, 2020,"

introduced on March 1, 2019, reports as follows:

The purpose of this resolution is to determine the rates at which real property in various general classes shall be taxed per \$1,000 of assessed value for Fiscal Year July 1, 2019 to June 30, 2020.

The Managing Director reiterated the City Administration's position in favor of increasing the rates for the Hotel and Resort classification.

One individual provided comments on the resolution. Written testimony in opposition to the resolution was received from one individual.

Testimony in opposition to the resolution was also received from the following organizations:

1. American Resorts Development Association of Hawaii
2. Hawaii Lodging and Tourism Association
3. Sheraton Princess Kaiulani
4. Hyatt Regency Waikiki Beach Resort and Spa

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON **APR 17 2019**

COMMITTEE REPORT NO. **115**

REPORT OF THE COMMITTEE ON BUDGET

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5. Kyo-ya
6. Marriott International, Inc.
7. OLS Hotels & Resorts
8. Turtle Bay Resort LLC
9. CSH Waikiki Owner, LLC
10. Waikiki Improvement Association
11. Hilton Hawaiian Village
12. Hilton Grand Vacations Club
13. Hilton Garden Inn Waikiki Beach
14. Marriott Ko Olina Beach Club
15. Outrigger Hospitality Group
16. Hokulani Waikiki
17. Waikiki Beachcomber
18. Embassy Suites
19. Ohana Hotels
20. OHANA Waikiki East
21. Ko Olina Resort Operators Association, Inc.
22. Outrigger & Wyndham
23. Hyatt Place Waikiki Beach
24. Highgate Hotels
25. Waikiki Resort Hotel
26. Royal Hawaii Resort

Your Committee considered and approved a CD1 version of the resolution that makes the following amendments:

- A. Changes the proposed rate for the Hotel and Resort tax classification from \$13.90 to \$13.40.

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON APR 17 2019

COMMITTEE REPORT NO. 115

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B. Makes miscellaneous technical and nonsubstantive amendments.

Your Committee on Budget is in accord with the intent and purpose of Resolution 19-55, as amended herein, and recommends it be scheduled for a public hearing, and thereafter be referred back to Committee, in the form attached hereto, as Resolution 19-55, CD1. (Ayes: Manahan, Menor – 2; Ayes with reservations: Formby, Fukunaga, Tsuneyoshi – 3; Noes: None; Excused: Pine – 1.)

Respectfully submitted,



Committee Chair

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON APR 17 2019

COMMITTEE REPORT NO. 115



RESOLUTION

DETERMINING THE REAL PROPERTY TAX RATES FOR THE CITY AND COUNTY OF HONOLULU FOR THE FISCAL YEAR JULY 1, 2019 TO JUNE 30, 2020.

WHEREAS, Article VIII, Section 3, and Article XVIII, Section 6, of the Constitution of the State of Hawaii, as amended, grant to the counties the authority to assess, impose, and collect real property taxes; and

WHEREAS, Section 8-11.1(b) of the Revised Ordinances of Honolulu 1990 ("ROH"), provides that the City Council shall annually set the tax rate or rates for the classes of real property established in accordance with ROH Section 8-7.1(c)(1); and

WHEREAS, under said ROH Section 8-7.1(c)(1), the following classes are established as general classes for purposes of real property taxation:

- (A) Residential;
- (B) Hotel and resort;
- (C) Commercial;
- (D) Industrial;
- (E) Agricultural;
- (F) Preservation;
- (G) Public service;
- (H) Vacant agricultural; and
- (I) Residential A; and

WHEREAS, under ROH Section 8-11.1(h), rates for property classified as Residential A must be assigned to the following two tiers based on the valuation of the property:

- (1) Residential A Tier 1 tax rate: applied to the net taxable valuation of the property up to \$1,000,000; and
- (2) Residential A Tier 2 tax rate: applied to the net taxable valuation of the property in excess of \$1,000,000; and

WHEREAS, ROH Section 8-6.2 provides for the assessment and levying of real property taxes on a fiscal-year basis beginning July 1 of each calendar year and ending June 30 of the following calendar year; now, therefore,



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 19-55, CD1

RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu that the following rates be, and are hereby, determined as the respective rates at which real property in the various general classes in the City and County of Honolulu shall be taxed per \$1,000 of assessed value for the Fiscal Year July 1, 2019, to June 30, 2020:

		Tax Rate Per \$1,000 Net Taxable Real Property Value
Class (A)	Residential	\$ 3.50
Class (B)	Hotel and resort	\$13.40
Class (C)	Commercial	\$12.40
Class (D)	Industrial	\$12.40
Class (E)	Agricultural	\$ 5.70
Class (F)	Preservation	\$ 5.70
Class (G)	Public service	\$ 0.00
Class (H)	Vacant agricultural	\$ 8.50
Class (I)	Residential A	
	Tier 1:	\$ 4.50
	Tier 2:	\$10.50

BE IT FURTHER RESOLVED that this resolution takes effect upon its adoption and applies to the Fiscal Year July 1, 2019, to June 30, 2020; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 19-55, CD1

RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to the Mayor, Managing Director, and Director of Budget and Fiscal Services of the City and County of Honolulu.

INTRODUCED BY:

Joey Manahan

DATE OF INTRODUCTION:

March 1, 2019
Honolulu, Hawaii

Councilmembers